

Finance, Revenue and Bonding Committee

Tuesday, March 15, 2022

Senate Bill 380: An Act Concerning a Study of State Tax Policies

Senate Bill 381: An Act Concerning a Study of State Revenue Collections

Senate Bill 382: An Act Concerning a Connecticut New Market Tax Credit Program

Senate Bill 383: An Act Increasing the Applicable Percentage of the Earned Income Tax Credit

House Bill 5403: An Act Establishing a Child Tax Credit against the Personal Income Tax

House Bill 5406: An Act Concerning a Study of State Revenue Policies

House Bill 5407: An Act Concerning Study of State Fiscal Policies

Senator Fonfara, Representative Scanlon, Senator Martin, Representative Cheeseman, and the distinguished members of the Finance, Revenue and Bonding Committee:

My name is William Buhler, I am a resident of Cromwell, and I am a proud member of CSEA SEIU Local 2001 and the Recovery for All coalition. I offer the following testimony in support of Senate Bills 380, 381, 382, and 383 and House Bills 5403, 5406, 5407:

By increasing the earned income tax credit and allowing a tax credit for child care expenses, SB 383 and HB 5403 help offset a terribly unfair tax burden on low and middle income families revealed in the table below. These bills will allow more than a million families on the edge of not getting by to keep a little more of their income so they can go to local businesses and buy what they need.

Table 2. Comparison of Total Effective Tax Rate by Income Decile

Income Decile	Connecticut Adjusted Gross Income	Households	Effective Tax Rate			
			2011	2019	Change	
					Included Taxes	Same Taxes**
1	\$0 to \$44,758	850,332	23.62%	25.96%	+2.34 pp	+3.73 pp
2	\$44,758 to \$74,688	308,221	13.93%	19.55%	+5.62 pp	+6.15 pp
3	\$74,688 to \$107,823	199,666	13.35%	15.50%	+2.15 pp	+2.64 pp
4	\$107,823 to \$148,081	142,306	12.87%	15.73%	+2.86 pp	+3.32 pp
5	\$148,081 to \$205,199	103,736	11.93%	12.23%	+0.30 pp	+0.77 pp
6	\$205,200 to \$316,507	71,895	10.53%	11.47%	+0.94 pp	+1.40 pp
7	\$316,513 to \$602,253	42,689	9.03%	10.35%	+1.32 pp	+1.70 pp
8	\$602,263 to \$1,631,362	19,672	7.69%	8.99%	+1.30 pp	+1.61 pp
9	\$1,631,481 to \$8,246,680	5,746	6.50%	7.08%	+0.58 pp	+1.33 pp
10	\$8,249,490 to \$387,821,183	772	6.28%	6.64%	+0.36 pp	+0.84 pp

*Data from CT DRS and author's calculations. **The DRS' calculation of the 2019 effective tax rate excludes four taxes that still exist and that are included in the calculation of the 2011 effective tax rate. The "same taxes" column is the change in the effective tax rate from 2011 to 2019 when comparing the taxes included in both tax studies.

The effective tax rates in 2019 are even more regressive than they were in 2011, increasing their damaging effect on economic expansion. Excessive taxation of low and middle income families chokes off consumer spending, the primary driver of economic growth.

Given Connecticut's lack of economic growth over the last decade, House and Senate bills enabling study of government spending, revenue collection and tax policy are more important than ever. Is government spending adequate, and are we really losing 2.6 billion a year in uncollected taxes? We should know the answers to these and other questions. SB 380, SB 381, HB 5406 and HB 5407 are study bills that will help us get answers.

SB 382 has the potential to change the face of our struggling communities by stimulating economic development in ways that create good jobs, expand access to healthy foods in food deserts and making environmental improvements. We think this proposal will strategically incentivize the kinds of investments-in-place that build wealth, reduce income inequality and contribute to economic growth in underserved communities. We encourage the Committee to support this creative approach to build equity.

Thank you for hearing my testimony.

William Buhler
Cromwell, CT

* table is courtesy of CT Voices for Children